



## PERSI HOSTS INVESTMENT CONFERENCE

PERSI hosted an investment managers conference June 8-9, 2005, at the Boise Depot. Organized by PERSI's Chief Investment Officer Bob Maynard, the event drew more than 100 investment managers from London, New York, San Francisco, Denver, Philadelphia, and Los Angeles.

Since the last conference three years ago, PERSI has seen changes in its Retirement Board, investment managers, and consultants. In addition, the market has undergone many ups and downs. According to Bob, "This conference was organized to test the appropriateness of the PERSI investment posture for both the near and medium term investment environment."

When explaining PERSI's investment posture and strategies, Bob cited three developments that dominated the thinking. First, the rebound following the recession and equity bear market was only going to take a year or two, rather than being a long, drawn-out process. Second, the capital markets over the next 20 years would be very different from the previous 20 years. And third, PERSI cannot and should not rely on larger macro themes to carry the burden of continued excellent absolute and relative returns. He went on to describe PERSI's position as being more like a tortoise than a hare when it comes to reaching for returns. "We are looking to limit our exposure and are hoping the parts of our portfolio that have not added to excess returns will soon begin to produce," noted Bob.

Conference goers learned that PERSI is fortunate to have a legislature and Board with a good sense of the importance of managing the liability side of the pension fund equation. Both entities have always felt any benefit increases must be paid for by a corresponding increase in contribution rates.

Thanks to this conservative position, PERSI did not fall into the trap many retirement systems did in the 90s of either lowering contribution rates too much or permanently increasing benefits – or both.

Besides learning more about PERSI, its governing structure, investment goals, recent performance, and current investment posture, attendees discussed a wide range of economic and capital market topics, which included:

- Consensus Economic and Market Views
- U.S. and Developed Market Economies
- Consumer Debt and the Twin Deficits
- Developed World Capital Markets
- Liquidity, Risk Tolerance, Credit Spreads
- Fixed Income Markets
- Institutional Return Expectations
- Hedge Funds
- Developed World Equity Markets
- Technology Sector
- Re-rating Large Cap Quality Growth
- Real Estate and Private Equity

On the final day of the conference, Bob moderated a panel discussion at a Boise City Club luncheon, which was broadcast on National Public Radio 91.5, Boise State radio. City Club members and guests were invited to ask questions about the world's capital markets. As a follow on, the *Idaho Business Review* ran an article titled "Why PERSI Managers Like Foreign Markets" in its June 20<sup>th</sup> issue.

### Inside this issue:

Survey Results.....	2
Forgot Your PIN?.....	3
Social Security.....	3
PERSI Recognition.....	4
Mellon Acquisition.....	4
Free Credit Reports.....	4
Notes.....	4

# Insights

## STUDY RESULTS: Most aren't saving enough for retirement

According to the Retirement Confidence Survey recently released by the nonprofit, nonpartisan Employee Benefit Research Institute (EBRI) in Washington, D.C., 65 percent of today's workers are "very confident" or "somewhat confident" about their retirement funding. While this may be good news, it is down from 68 percent last year – despite improvements in the economy.

Although overall confidence remains high, workers are acknowledging they haven't saved as much as they probably should. The fact is, many haven't saved much at all. The study found for workers age 45 and older who have saved for retirement:

- 52 percent have less than \$25,000
- 13 percent have \$25,000 - \$49,999
- 11 percent have \$50,000 - \$99,999
- 21 percent have more than \$100,000

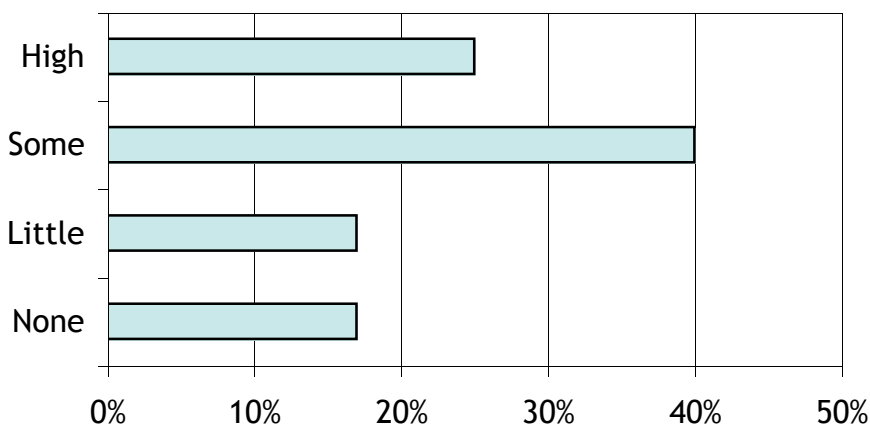
### MANY REASONS FOR NOT SAVING

Procrastination appears to be one reason that people fail to plan for their retirement. The EBRI survey shows that among people who are living month-to-month, the attitude is "I'm getting along OK now, so I should be able to get along OK in retirement." There are also too many workers

under the impression they have plenty of time to save for retirement, which may not be correct. In fact, EBRI says more than half of all workers (55 percent) admit they are behind in their retirement savings, even though it is listed as one of their most important goals. Everyday living expenses along with child care, medical, automobile, and children's education costs are the primary reasons given for not contributing to a retirement savings. Two in 10 workers cited debt – especially credit card debt – as the reason they are unable to save for retirement.

As Congress continues to debate restructuring Social Security to provide voluntary investment accounts, EBRI speculates that even if such accounts are created, the currently low savings rate suggests it will be a challenge to get people to use them. The EBRI study also shows that 7 in 10 workers are skeptical that Social Security will be able to provide them benefits of at least the same level as current retirees receive. When asked about their financial situation in retirement, 71 percent of retirees said it was adequate, 10 percent said they were "well off," and 17 percent admitted they were struggling.

Confidence in having enough retirement money



EBRI is strongly urging current workers to carefully scrutinize their budgets to free up more money for retirement savings. For more survey results, visit [www.ebri.org](http://www.ebri.org).

*The next issue of PERSpectives will have an article by PERSI trainer Bill Duncan on ways to reduce your debt.*

# FORGOT YOUR PIN? NOT A PROBLEM!

- new process lets you log on anyway -

Have you ever wanted to go on line to access your Choice Plan account information, then realized you couldn't remember your personal identification number (PIN)? In the past, you had to wait for a PIN reminder to arrive in the mail. But now, members can access their accounts by simply answering a few personal questions.

By pre-registering and answering "challenge" questions, if you ever forget or misplace your PIN, you can still gain access to your account. To register, just follow these steps:

- Go to the PERSI Web site [www.persi.state.id.us](http://www.persi.state.id.us) and click on the **Account Information** tab.
- Select **Choice Plan**, then **Account Balance**.
- Enter your Social Security number and current PIN. If you don't remember your PIN, you can request a reminder, which will be mailed to you. (Once you've registered for the instant access feature, you'll never have to wait again.)

- After you log in, select **Profile** from the upper right navigation bar.

- Select **Registration for Forgot Your PIN?** and follow the registration steps. You will be asked to select and answer challenge questions. Later, if you forget your PIN, you can answer these same questions to gain access to your account.

Be sure to you choose those questions that would be difficult for others to answer, but memorable enough for you to easily recall.

- If you ever want to change your registration questions, simply return to the **Profile** section.

This is a safe and secure process because, like your PIN, only you should know the answers. Take a few minutes and register today. The next time you want to check your account, it will be easy... even if you can't remember your PIN.

---

## SOCIAL SECURITY: Myth vs. Truth

With all the talk about changing Social Security, you may be wondering what is true and what is not. The following information recently appeared in the *Dallas Morning News*. You might find it helpful.

**Myth:** Social Security is just fine and will not need any help until 2042.

**Truth:** Projections show the retirement system will begin paying out more in benefits than it receives in revenue by 2018, at which time it will begin using trust funds to pay benefits. It is expected to deplete its reserves by 2042 (2052 according to the nonpartisan Congressional Budget Office).

**Myth:** All of Social Security's money has already been spent.

**Truth:** Social Security does not keep its savings in cash. After paying benefits, the reserves are invested in Treasury notes called "specials." The Treasury Department uses the funds to finance government operations. The "specials" are like other Treasury instruments and are backed by the full faith and credit of the U.S. government.

**Myth:** Private accounts must be added to save Social Security.

**Truth:** Social Security can be saved without private accounts. Adding private accounts in the short term may actually make the fix more difficult because funds diverted to the new system must be replaced. Over the long term, private accounts might produce higher earnings, depending on how the markets perform.

**Myth:** Private accounts would undermine Social Security, putting widows or the disabled at risk.

**Truth:** The Administration has proposed diverting 4 percent of payroll taxes into individual accounts, but not cutting survivor or disability benefits to fund the transition costs.

**Myth:** Social Security will go broke and stop paying benefits in 2042.

**Truth:** Technically, the retirement system will be insolvent on that date; however, it is expected to have sufficient cash revenue from payroll taxes to pay 74 percent of benefits.

Learn more about Social Security and the debate over private accounts at [www.socialsecurity.org](http://www.socialsecurity.org) or [www.aarp.org](http://www.aarp.org).

## PERSI RECEIVES RECOGNITION

- *kudos for the staff* -

Ada County Highway District and Valley Regional Transit recognized PERSI for complying with Executive Order 2003-14 — the Air Pollution Response Plan. During the 2005 *May in Motion* promotion, workers were encouraged to walk, ride a bike, take the bus, or carpool to work. PERSI staff came through in a big way by using several alternate modes of transportation. As a result, PERSI was first runner-up in the 51-100 employee category for participation. A certificate of recognition was awarded to PERSI in June.

PERSI staff was also recognized by the American Red Cross for its blood drive participation. On a regular basis throughout the year, the American Red Cross holds a blood drive at the PERSI office in Boise. In 2004, PERSI staff made 38 blood donations. A certificate “for outstanding service and dedication” was awarded to PERSI by Julia Wulf, Chief Executive Officer of the Lewis and Clark Region of the American Red Cross.

## MELLON ACQUIRED BY ACS

Mellon's human resources consulting and outsourcing business — which provides support services for the PERSI Choice Plan — has been acquired by Affiliated Computer Services (ACS) Inc., a Fortune 500 company based in Dallas, Texas. Founded in 1988, the company has \$5 billion in revenue, more than 50,000 employees, and a worldwide client base. ACS has promised a seamless transition so PERSI members should not experience any disruption or encounter any noticeable changes.

## FREE CREDIT REPORTS

Idaho residents can request copies of their credit report at no cost. A new federal law went into effect this year that lets you get a free copy of your credit report. Below are the numbers for the three reporting agencies:

- Equifax: 1-800-685-1111
- Experian: 1-888-397-3742
- TransUnion: 1-800-888-4213

## NOTES

**PERSI CELEBRATES 40 YEARS.** Funding for PERSI was first authorized by the legislature on July 1, 1965. A small celebration will coincide with the July Board meeting.

**Robert Maynard**, PERSI's chief investment officer, was profiled in the March 2005 issue of *Money Market Letter*, an online source for financial and investment trends. The article talked about PERSI's successful fund management and keen investment strategies...and the plans to keep it that way. The article closes with details about Bob's illustrious career.

**PERSI** co-hosted the Cost Effectiveness Measurement (CEM) conference held in Boise May 17-19, 2005. The conference attracted benefit administrators from around the world. As part of the agenda, attendees toured PERSI and participated in a 90-minute presentation about the Idaho retirement system. Much of the conference focused on ways to improve member services.



[www.persi.state.id.us](http://www.persi.state.id.us)

I D A H O

**PERSpectives**

Public Employee Retirement System of Idaho

PERSpectives is published quarterly for members of the Public Employee Retirement System of Idaho  
607 North 8th Street, Boise, ID 83702  
Base Plan: 208.334.3365 or 1.800.451.8228  
Choice Plan: 1.866.437-3774  
[www.persi.state.id.us](http://www.persi.state.id.us)

**RETIREMENT BOARD**  
Jody B. Olson, Chairman  
Clifford T. Hayes, Dennis L. Johnson  
J. Kirk Sullivan, Pamela I. Ahrens

Alan H. Winkle, Executive Director  
Patrice Perow, Editor

Costs associated with this publication are available from PERSI in accordance with §60-202, Idaho Code 12-04/65,000